

News Release



Controller of the State of California - Kathleen Connell

300 Capitol Mall, Suite 1850

Sacramento, California 95814

Contact: Lisa Casalegno (916) 445-2636

FOR IMMEDIATE RELEASE

CONTROLLER KATHLEEN CONNELL LEADS BOE IN VOTE TO INCREASE SMOKELESS TOBACCO TAX

DECISION MEANS ALL FORMS OF TOBACCO WILL BE TAXED IN THE SAME WAY

Sacramento, June 21, 2001 – State Controller and Board of Equalization member Kathleen Connell today led the Board in a vote that revised the calculation of the tax rate on tobacco products, in an effort to target alternatives to cigarettes that are currently more affordable for teens.

"Today's decision creates a more equitable taxation system for tobacco products of all kinds, and our hope is that we may discourage teens from becoming addicted to any type of tobacco," said Connell. "We have taxed cigarettes to the point where cost may be a deterrent to teens who might otherwise take up smoking, but smokeless tobacco products have enjoyed a much lower tax rate."

The new system will mean higher taxes on tobacco products such as moist snuff, dry snuff and chewing tobacco.

In considering the issue, the Board heard evidence that use of smokeless tobacco by teens is on the rise.

"If there is anything we can do to discourage teens from becoming addicted to nicotine, I am in favor of it," said Connell. "Tobacco-makers are preying on kids, and there are ways to discourage the trend. This is one of them."

Tobacco tax revenue will be increased by the new taxation system. In 1999 voters approved Proposition 10, which funnels some tobacco tax into a fund for early childhood development and anti-smoking campaigns in California. The increased tobacco revenue would also benefit that fund.

"We are accomplishing three important things here today," said Connell. "We are making the use of tobacco cost-prohibitive for teens, we are creating revenue for programs to help kids in California, and we are making the taxation system more equitable."

The Board's decision also included provisions to address concerns about the impact of the tax increase. It will provide additional funding for enforcement of tobacco tax laws to target tax evaders and smugglers trying to avoid the higher taxes.

###

For more information on the State Controller's Office, please visit our Web site at <http://www.sco.ca.gov/>